

Sunny Spain

Bright Outlook for Trade

by the U.S. Commercial Service, Spain

When President George W. Bush planned his premier diplomatic visit to Europe last year, he selected Spain as his first destination to demonstrate its importance as a crucial “economic partner working with the United States.”

With a GDP growth rate higher than any other major industrialized nation in the world over the last two years and a per capita GDP twice that of Mexico, Spain is bursting with opportunity for U.S. companies.

Since Spanish economic growth is projected to continue outpacing that of all other major industrialized countries, it is no surprise that some of the foremost U.S. companies, including General Electric, Pfizer, and Boeing, are expanding their operations in the Iberian Peninsula.

The Spanish economy, which has seen a dramatic decrease in unemployment in the last five years, has been bolstered by major projects aimed to meet the demands of EU integration and other development projects that are currently under way.

Another attractive development for the Spanish market is the adoption of the euro, which brings greater

macroeconomic stability in the region and eliminates the risks and hassles associated with multiple exchange rates.

Since Spain is a member of the European Union, exporters can be assured of enforceable trade rules that are transparent and consistently applied. Perhaps most advantageous of all, the European Union’s standardized operations and distribution agreements give U.S. exporters access to all 15 EU countries, with a combined market of 370 million relatively high-income consumers.

A recent Economist Intelligence Unit report on business in Europe also concluded that Spain is the least expensive country in the European Union with regard to labor, expatriate, and transportation costs. These comparative advantages help in persuading businesses to choose Spain as the entry point for expansion into the European market.

ENVIRONMENTAL PROTECTION AND RENEWABLE ENERGY

The Spanish environmental market, estimated to be worth more than \$5 billion, has experienced significant growth over the last decade, promoting an increase in environmental awareness and updating of environmental legislation. The water sector accounts for 45.6 percent of the market, the waste sector 37.6 percent, street cleaning 15.2 percent, and the atmospheric sector 1.6 percent.

Spanish public investment in the four sectors listed above totals almost \$2.5 billion, and private investment is nearly \$1 billion. In 2003, the Spanish government will spend more than \$2 billion on environmental technologies. This emphasis, combined with the liberalization of Spain’s energy sector, has created an excellent market for U.S. companies that specialize in environmental and renewable-energy products. The best prospects in the environmental market include water (distribution, drainage, purification, and irrigation), waste (solid, urban, industrial, and recycling), soil, and air treatment.

The Spanish government has been actively supporting the deregulation of the energy sector. The Spanish government’s national renewable energy plan establishes the goal that in 2010 at least 12 percent of primary energy consumption in Spain will be derived from renewable energy sources, such as wind, photo voltaic solar, thermal solar, and solid waste.

TELECOMMUNICATIONS

Telecommunications services generated approximately \$23.3 billion in revenues in 2001, a 14 percent increase over the previous year. The key areas of growth are mobile telephony and broadband. Industry restructuring is expected next year, in addition to further legislative measures to increase market competition.



Industry estimates indicate growth of 20 percent in 2002 and 8 percent in 2003 for mobile telephony. Cable is projected to grow 32 percent in 2002, while switched data and leased-line services should grow 14 percent. Mobile telephony has reached 30 million users, with a market penetration of 75 percent. The high number of prepaid clients and the importance of SMS messaging are expected to provide 10 to 15 percent of revenues to service providers in 2002.

The Internet market is still growing, and more than 1 million users are expected to be connected via ADSL by the end of 2002. Estimates of Internet usage for 1999, 2000, and 2001 are 3.6 million, 5.75 million, and 8.75 million users, respectively.

The Spanish market offers interesting opportunities to U.S. firms—both service providers and equipment manufacturers. Demand will be driven by solutions that provide content to broadband services.

EDUCATIONAL SERVICES

Young Spaniards are more outgoing than previous generations and consider themselves part of a multilingual society. Spain's EU membership, the growing presence of multinationals, and increased Internet use are contributing to heightened interest in studying abroad. Approximately 70,000 students (ages 14–19) travel every year to the United States to learn English—the majority during

the summer months, when there is a growing demand for programs that include outdoor recreational activities. In addition, the number of collegiate Spaniards in the United States is increasing, with business, finance, law, and engineering being the most popular academic subjects.

For corporate training, e-learning is still an incipient field. Most local industry sources agree that this emerging market will have strong demand by 2005, when 60 percent of Spanish companies will have the capability to implement e-learning programs.

MEDICAL EQUIPMENT

Representing 35 percent of total imports (\$600 million), the United States is Spain's main medical devices supplier. U.S. medical equipment is highly regarded by Spanish doctors, importers, and distributors. There is zero duty on medical devices, making Spain an even more attractive market for export. U.S. import growth is forecast at 8 percent annually for the next two years.

The best prospects for U.S. medical equipment exporters include anesthetic equipment, ophthalmic instruments, therapeutic respiration apparatus, heart implants, prosthesis and trauma products, flexible endoscopic equipment, and other innovative products.

For more information about exporting to Spain, visit www.buyusa.gov/spain/en.

SPAIN AS A MARKET FOR HISPANIC BUSINESSES

Program to Identify Export Opportunities

The U.S. Commercial Service in Spain, the Global Diversity Initiative of the U.S. Commercial Service in Washington, D.C., and the Minority Business Development Agency have formed a partnership to promote Spain as an export market for Hispanic businesses. On October 14, 2002, during Latino Business Week in Los Angeles, the three groups formally announced their working relationship.

The program under this partnership will consist of a series of four training sessions around the United States to help Hispanic businesspeople and Hispanic-owned firms identify market opportunities in Spain. To learn more about this program, contact Selina Marquez at (202) 482-4799.